

Message Text

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ACTION NEA-10

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FM AMEMBASSY NEW DELHI
TO SECSTATE WASHDC 8493
USDOC WASHDC
INFO AMCONSUL BOMBAY
AMCONSUL CALCUTTA
AMCONSUL MADRAS

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EO 11652: NA
TAGS: BEXP, EMIN, IN
SUBJ: PROCUREMENT FOR KUDREMUKE

REF: NEW DELHI 12909

1. COMMERCIAL COUNSELOR AND MADRAS E/C OFFICER MET WITH
K.C. KHANNA, CHAIRMAN OF THE KUDREMUKE IRON ORE CO,
LTD. IN BANGALORE ON SEPTEMBER 13.

2. AS CHAIRMAN OF THE PROJECT, KHANNA IS RESPONSIBLE
DIRECTLY TO A CABINET SECRETARIAT SUBCOMMITTEE HEADED
BY B. D. PANDE, THE CABINET SECRETARY. HE SAID THAT
HE HAD BEEN ASKED BY THE PRIME MINISTER TO HEAD THE
PROJECT AND THAT HE HAD ACCEPTED ON THE CONDITION
THAT HE REPORT DIRECTLY TO THE OFFICE OF THE PM. THUS,
HE HOPED BUREAUCRATIC PROBLEMS WOULD BE HELD TO A
MINIMUM. IN FACT, HE HAS BEEN AUTHORIZED APPROXIMATELY
\$50 MILLION IN FOREIGN EXCHANGE FOR OVERSEAS PROCURE-
MENT FOR WHICH HE DOES NOT HAVE TO GO THROUGH NORMAL
IMPORT PROCEDURES.

3. KHANNA CONFIRMED THAT IT WAS THE RESPONSIBILITY OF
MET-CHEM TO EVALUATE ALL BIDS ON A GOVERNMENT PRO-
CUREMENT FROM THE TECHNICAL, ECONOMIC AND DELIVERY

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POINT OF VIEW. MET-CHEM WOULD SELECT THE THREE BIDS

MOST QUALIFIED AND THE KIOC WOULD MAKE A FINAL DECISION. HE EMPHASIZED THAT THE KIOC WOULD LIKE TO BE INVOLVED IN THE SCREENING PROCESS FROM THE BEGINNING AND URGED THAT INTERESTED SUPPLIERS SUBMIT PROPOSALS TO THE KIOC AS WELL AS MET-CHEM. HE ALSO NOTED THAT THE KIOC WAS IN THE PROCESS OF BUILDING UP A LIBRARY OF CATALOGS, LITERATURE AND SPECIFICATIONS OF MINING AND CONSTRUCTION EQUIPMENT. HE REQUESTED THAT INTERESTED COMPANIES FORWARD THIS INFORMATION TO THE KIOC AT 25 MAHATMA GANDHI ROAD, BANGALORE 560 001. KHANNA SAID THAT HE ASSUMED THAT ALL FIRMS BIDDING ON THE PROJECT WOULD BE REPRESENTED BY LOCAL INDIAN COMPANIES.

4. KHANNA THOUGHT THAT MUCH OF THE LARGER EQUIPMENT, SUCH AS THE 150 TON DUMP TRUCKS, FRONT-END LOADERS, AND CRUSHERS WOULD BE OBTAINED FROM AMERICAN COMPANIES. THE COUNTRY OF SOURCE WOULD BE DETERMINED BY THE MANUFACTURING COMPANIES.

5. THERE APPEARS TO BE A MINOR DIFFERENCE OF OPINION BETWEEN MET-CHEM AND THE KIOC REGARDING THE POINT AT WHICH THE LATTER BECOMES INVOLVED IN THE PROCUREMENT PROCESS. THE CHIEF NEGOTIATOR FOR MET-CHEM RECENTLY TOLD US THAT IT WOULD PRESERVE THE PROPOSALS AND THEN SUBMIT THE BEST THREE TO THE KIOC FOR FINAL SELECTION. IN A RECENT NEWSPAPER ADVERTISEMENT, MET-CHEM INVITED INQUIRIES FROM DESIGN ENGINEERING FIRMS AND EQUIPMENT SUPPLIERS TO BE DIRECTED TO CANADIAN MET-CHEM CONSULTANTS, LTD., 1140 BOULEVARD DE MAISONNEUVE, MONTREAL, QUEBEC. OUR RECOMMENDATION WOULD BE THAT IN ADDITION TO DIRECTING PROPOSALS TO MET-CHEM, INTERESTED SUPPLIERS SHOULD ALSO SUBMIT THEM AT THE SAME TIME TO KIOC. THE MET-CHEM OFFICE IN INDIA IS LOCATED IN BANGALORE WITH THE KIOC.

6. WE SUGGEST THAT USDOC DISSEMINATE INFORMATION ON PROCUREMENT PROCEDURES FOR THE PROJECT.
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